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July 9, 1997

By Fax and Mail

Ms. Kumkum Ray
Department of the Interior
Minerals Management Service
381 Elden Street; Mail Stop 4700
Herndon, VA 20170-4817

RE: New Orleans Meeting re Proposed Amendments to 30 C.F.R. Part 251

Dear Ms. Ray:

I am an attorney representing ARCO Alaska, Inc. ("ARCO Alaska") regarding the Minerals Management Service's ("MMS") proposed amendments to 30 C.F.R. Part 251. Although I had planned to attend the MMS's meeting in New Orleans on July 10, other pressing business has prevented me from doing so. Following are several points that I had intended to raise during that meeting; I trust Mark Savit will relay them to you in my stead. ARCO Alaska also anticipates submitting additional comments to MMS on issues related to the proposed regulations during the comment period.

ARCO Alaska is quite concerned about the proposed regulations, as they will severely disrupt its Alaska operations and put ARCO at a competitive disadvantage. The proposed regulations require companies such as ARCO Alaska to divulge more information to MMS than is currently required – such as information relating to every licensing of seismic data. Because only a few companies explore in Alaska, any information provided to MMS regarding the licensing of seismic data by ARCO Alaska would be scrutinized by those companies. Thus, ARCO Alaska's competitors would glean valuable information regarding the areas which ARCO Alaska considers to be of geologic interest, among other things.

Ms. Kumkum Ray

July 9, 1997

Page 2

Likewise, the proposed requirement that acquirers of seismic data coordinate their acquisition efforts with other users of the Outer Continental Shelf would almost necessarily require the acquirer to reveal the nature of its acquisition activities and the area in which the data would be acquired -- again, highly valuable confidential information which could cause a data acquirer such as ARCO Alaska to lose its competitive advantage in an area.

Further, the burdensome requirements that would be imposed by the proposed regulations would discourage new investment in spec data. It seems likely that MMS would want to encourage spec data acquisition and licensing, as that allows smaller companies to license spec data instead of incurring the great expense of acquiring their own data -- thus increasing competition and helping the smaller companies. Finally, if the proposed regulations can legally be applied to existing seismic data, the value of that data would be lessened -- a taking without compensation.

In sum, ARCO Alaska is gravely concerned that the proposed regulations would reveal information which has historically been kept highly confidential and would thus give a competitive advantage to its competitors in Alaska. We understand that the proposed regulations were drafted, at least in part, to respond to unique problems which have arisen between MMS and Gulf of Mexico companies regarding sub salt data. We would urge the MMS and these companies to solve their problems without promulgating the proposed regulations, as the proposed regulations would dramatically change the procedural framework within which ARCO Alaska and MMS have successfully worked for almost two decades.

I appreciate this opportunity to relay these points to you on behalf of ARCO Alaska.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosanne Jacobsen".

Rosanne M. Jacobsen

RMJ/keh

cc: Mark Savit, Patton Boggs
Michael A. Richter, VP Exploration & Land/ATO-2100